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SIPDIS

SENSITIVE

STATE FOR EAP/BCLTV
STATE PASS USAID FOR ANE/KUNDER AND ANE-SPO BRADY
STATE ALSO PASS USAID FOR ANE/KENNEDY
STATE PASS USTR FOR EBRYAN
USDOC FOR 4431/MAC/AP/OPB/VLC/HPPHO
TREASURY FOR OASIA

E.O. 12958: N/A

TAGS: [ETRD](#) [EAID](#) [EINV](#) [VM](#) [HIV](#) [AIDS](#)

SUBJECT: VIETNAM: AMBASSADOR'S CALL ON MINISTER OF PLANNING
AND INVESTMENT

SENSITIVE BUT UNCLASSIFIED

1 (U) Summary: In a meeting October 14, Minister of Planning and Investment Vo Hong Phuc expressed appreciation for USG funding for HIV/AIDS prevention in Vietnam under the President's Emergency Plan for AIDS Relief (PEPFAR) and told the Ambassador that the agenda for the December Consultative Group (CG) meeting would include discussion of the GVN's draft Five Year Plan for 2006-2010, HIV/AIDS prevention and poverty reduction. He also expressed support for concluding a bilateral framework agreement on assistance with the United States Agency for International Development (USAID) by December. The Ambassador encouraged Minister Phuc to work quickly to resolve current U.S. investment disputes including insurance licenses, auto tariffs, Tricore's interest in the Hanoi Ring Road Project and the dissolution of the McCullagh/Krong Ana joint coffee venture in Daklak Province. End Summary.

Framework Agreement

12. (U) Minister Phuc expressed appreciation for the level of official development assistance (ODA) the USG has provided Vietnam, noting in particular the U.S. commitment to providing humanitarian assistance. Minister Phuc expressed his hope that U.S. assistance levels will rise significantly in the future and noted that this would necessitate conclusion of a bilateral framework agreement on assistance. Minister Phuc told the Ambassador that the MPI had finished compiling comments from other ministries and agencies on the draft framework agreement and had submitted its report to the Government. The Minister expressed his hope that the agreement could be finalized in time for signing during the next Consultative Group (CG) meeting in Hanoi December 1-2.

HIV/AIDS

13. (U) Minister Phuc expressed appreciation for President Bush's decision to name Vietnam as one of fifteen countries under the President's Emergency Plan for AIDS Relief (PEPFAR) and assured the Ambassador that preventing the spread of HIV/AIDS is a priority for the GVN. HIV/AIDS is discussed at the GVN's monthly meetings as well as at the two meetings of the CG each year. Minister Phuc assured the Ambassador that the MPI would coordinate with the other relevant GVN ministries and agencies as well as with the U.S. Mission team to ensure PEPFAR funds are used efficiently.

Consultative Group

14. (U) Minister Phuc told the Ambassador that he had discussed the agenda for the December CG with Klaus Rohland, Country Director for the World Bank in Hanoi. According to Minister Phuc, discussion of the draft for Vietnam's next Five Year Plan (2006-2010) will be an important agenda item for the December CG. The GVN will begin drafting the Plan later this year and will submit it to the National Assembly for comment in 2005 and for approval in early 2006. The Plan will direct the development of socio-economic policy for the next five years and will identify next steps in the renovation (Doi Moi) process. Minister Phuc said the CG agenda would also include poverty reduction and HIV/AIDS prevention. The Ambassador informed Minister Phuc that he planned to meet with Mr. Rohland at the World Bank next week to discuss the agenda for the December CG.

Investment Climate

15. (SBU) The Ambassador reminded Minister Phuc that while bilateral trade has increased dramatically since entry-into-

force of the Bilateral Trade Agreement (BTA) in December 2001, U.S. investment in Vietnam has not grown as quickly. To improve its business climate, the GVN should continue its efforts to accede to the WTO and liberalize its market. In addition, the GVN should work quickly to find equitable resolutions to existing investment disputes so that investors will speak positively about their experience in Vietnam. The Ambassador cited insurance licenses, auto taxes and tariffs, the Tricore Ring Road project and the McCullagh-Krong Ana coffee joint venture as issues that the GVN should work quickly to resolve.

16. (SBU) Minister Phuc assured the Ambassador that he wants to work together to promote U.S. investment in Vietnam. On insurance licenses, he told the Ambassador that the MPI "fully supports" New York Life and Ace's intention to invest in Vietnam. On autos, Minister Phuc said that among GVN ministries and agencies there are "discussions, arguments and differences of opinion" over the auto policy. He acknowledged, however, that the GVN needs to "reconsider the special consumption tax" because of its negative impact on consumers and that he "personally" wants to develop the auto industry in Vietnam. Minister Phuc also said he had asked the Ministry of Transportation to work with Tricore and all interested parties on the Hanoi Ring Road Project and that he hoped there would be a "good solution" to the issues delaying the dissolution of the McCullagh-Krong Ana coffee joint venture in Dak Lak province.

MARINE